

**CITY COUNCIL OF THE CITY OF SAN DIEGO
SUPPLEMENTAL DOCKET NUMBER 3
FOR THE REGULAR MEETING OF
TUESDAY, JULY 15, 2014
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS – 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101**

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Pursuant to California Senate Bill 343 (Section 54957.5(b) of the Brown Act), late-arriving documents related to City Council meeting agenda items which are distributed to the legislative body prior to and during the Council meeting are available for public review in the Office of the City Clerk on the second floor of the City Administration Building, 202 C Street, San Diego, CA 92101. This relates to those documents received after the agenda is publicly noticed and during the 72 hours prior to the start of the meeting. Please note: Approximately one hour prior to the start of the Council Meeting, the documents will be available just outside Council Chambers in the lobby of the 12th floor of the City Administration Building in a binder labeled “SB 343.” Late-arriving materials received during the City Council meeting are available for review by making a verbal request of City Clerk staff located in Council Chambers.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS

RESOLUTIONS:

The following item will be considered in the afternoon session which is scheduled to begin at 2:00 p.m.

This item is being presented to the Council in its capacity as the board of the local redevelopment successor agency, officially known as "the City of San Diego, solely in its capacity as the designated successor agency of the Redevelopment Agency of the City of San Diego, a former public body, corporate and politic" (Successor Agency).

- * ITEM-S501: Horton Plaza Improvement Project (block bounded by Broadway, Broadway Circle, E Street, and Fourth Avenue) - Request for Additional Funding - Horton Plaza Redevelopment Project. (District 3.)

ITEM DESCRIPTION:

Horton Plaza Improvement Project (block bounded by Broadway, Broadway Circle, E Street, and Fourth Avenue) - Request for Additional Funding.

STAFF'S RECOMMENDATION:

Adopt the following resolution:

(R-2015-23)

Acting in its capacity as the Board of the Successor Agency to the Redevelopment Agency of the City of San Diego as follows:

Authorizing the Chief Financial Officer, on behalf of the Successor Agency, to appropriate and expend an additional amount not to exceed \$4,920,070 toward the construction costs for the Horton Plaza Improvement Project (Project), as identified in the Recognized Obligation Payment Schedules (ROPS), bringing the total design and construction costs for the Project to an amount not to exceed \$16,927,382;

Authorizing the Mayor, or designee, on behalf of the Successor Agency, to award the construction contract for the Project to Echo Pacific Construction, Inc., the lowest responsible, qualified bidder, within a modified budget of \$15,902,211, which includes the bid of \$14,456,555, plus a 10% contingency of \$1,445,656;

Authorizing the Chief Financial Officer, on behalf of the Successor Agency, to appropriate and expend an amount not to exceed \$750,000, consisting of five annual deposits of \$150,000 each into the Plaza Capital Reserve Account beginning in Fiscal Year 2015, toward the Project's future capital repairs and replacements, as identified in the ROPS;

Authorizing the Mayor, or designee, to take all actions necessary and appropriate to carry out and implement the purposes set forth in this resolution.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

- The Owner Participation Agreement (OPA) stipulates that the Agency is responsible for a minimum \$8 million in hard construction costs for the Plaza Improvements, comprising a high-quality urban park. Upon approval of the OPA, \$9.924 million of tax increment funds were budgeted for the Project to cover the minimum hard construction costs and design consultant contract. At the time the OPA was negotiated and approved by both parties, a conceptual design for the new urban plaza and rehabilitation of the historic park had not been prepared nor had a design team been selected. The \$9.924 million initial budget was both parties' best estimate of the minimum cost for the design and hard construction costs for the future Project, acknowledging that the design would be determined through a series of public workshops and input from the Downtown Community Planning Council, CivicSD and Westfield, in accordance

with the OPA. As of late 2012, an amount of \$12,007,312 was available in the Recognized Obligation Payment Schedules (ROPS) for the construction of the Project and remaining associated soft costs.

- On November 16, 2012, the City Council adopted Resolution No. R-307841, approving the initiation of the competitive-bidding process and funding for the Project.
- On November 20, 2012, the Oversight Board (OB) adopted Resolution No. OB-2012-35 (“2012 OB Resolution”) for the same purpose.
- On January 28, 2013, the State Department of Finance (DOF) approved the 2012 OB Resolution. The 2012 OB Resolution states up to \$10,982,141 may be expended for the hard construction costs of the Project and up to \$1,025,171 may be utilized to enter into contracts and make expenditures for additional associated work related to the Project, for a cumulative total of \$12,007,312. At that time, CivicSD staff identified a \$726,771 budget shortfall and committed to explore the availability of additional funding sources to offset the budget shortfall. During the competitive-bidding process for the hard construction costs, the lowest responsible bidder, Echo Pacific, submitted a bid of \$14,456,555. This created a budget shortfall significantly greater than the anticipated shortfall of \$726,771. Echo Pacific Construction Inc. (Echo Pacific’s) bid is scheduled to expire on 9/14/14 - 120 days after the opening of bids. The original budget request included an eight percent contingency for the Project, but due to the delay of awarding the contract, current market conditions, and industry standard, staff is requesting a 10 percent contingency on the lowest responsible bid. As a result, staff is requesting additional funding of \$4,920,070 above the previously-approved \$12,007,312, for a new total budget request of \$16,927,382. In addition, staff is requesting an encumbrance of funds for a reserve account in the amount of \$750,000 for future capital repairs and replacements, as envisioned by the OPA. The Successor Agency will continue to request authorization for all of the above funds through each six-month ROPS submitted to the OB and the DOF. The additional funding of \$4,920,070 will be requested from the Redevelopment Property Tax Trust Fund (RPTTF). To the extent that additional RPTTF monies are approved in the ROPS for distribution to the Successor Agency to finance the increased costs of the Project, the City and the other local taxing entities will receive a lower amount of residual balance distributions from the RPTTF. The City’s pro rata share of the residual balance is approximately 21%.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION: N/A

Phillips/Graham

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